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IIM -- Deng Xiaoping and the FX Aircraft Issue  
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## KEY JUDGMENTS

Deng Xiaoping—China's preeminent policymaker and the architect of the normalization of US-Chinese relations—is prepared to downgrade both the symbolic and substantive nature of relations with the United States if Washington breaches the limits of Chinese tolerance of arms transfers to Taiwan. China has identified the sale of an FX aircraft as outside those limits.

Despite consolidation of Deng's power since the late 1970s, significant resistance to his policies remains. Those who resist him on specific issues do not now, however, constitute a cohesive opposition.

Deng is uniquely identified with the US relationship, and he will act to limit his own political vulnerabilities on the Taiwan issue in order to preserve the consensus behind his overall policies. Deng is fully capable of sacrificing elements of his policy toward the United States in order to preempt his opponents and protect his position. Thus protected, he appears strong enough to ride out even a serious setback on the Taiwan arms issue.

Chinese concern over the direction of US policy has prompted Beijing's repeated warnings—accompanied by a progressive narrowing of options—regarding the consequences for bilateral relations of unacceptable arms sales to Taiwan. Beijing is positioned to portray a US decision to sell the FX as a violation of the understandings implicit in normalization and as a grave blow to hopes for peaceful reunification with Taiwan. The Chinese appear equally opposed to either the F-5G or F-16/79 versions of the FX.

In the event of an outright sale of an FX aircraft to Taiwan, Beijing almost certainly would demand the withdrawal of the Ambassadors in both capitals and would reduce various forms of cooperation. Chinese efforts to act in parallel with Washington on policies toward the USSR and the Third World also would come under increased pressure.

It is highly unlikely that Deng would forgo sanctions even if an FX sale were managed in a discreet, incremental, and publicly ambiguous

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manner.<sup>1</sup> The Chinese view the FX issue as a litmus test of the US commitment to the "one China" principle, first expressed in the 1972 Shanghai Communiqué.

On the other hand, if US-sponsored improvements in Taiwan's military capabilities fall short of an FX or comparable advanced weapon systems, Beijing would formally protest the sales but would not permit them to impede the development of other aspects of US-Chinese relations.

<sup>1</sup> Specifically Beijing would react negatively to any US strategy for providing Taiwan the improved engine that in effect makes an F-5E into an F-5G (FX).